

CIA PROGRESS REPORT

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CONFIDENTIALCOPY NO. 2COPY: Annex 1 (Administration)
Part 2, Section 3DRAFT: CBH Rewrite for DD/A Comment/Approval
10 December 1951

Until October of 1950, CIA had persisted in the belief that the extreme sensitivity of covert operations demanded a clear-cut separation between overt and covert administration. As a result it had established twin administrative organizations, one for the covert, the other for the overt side of the agency.

This is not a true statement. The "twin administrative organizations" resulted directly from the Dulles Report + NSC 50 + not from any agency belief. Actually, the contrary was true

This separatist practice was not without some justification. Not only are many of the agency's problems peculiarly specialized, but they relate more often than not to sensitive situations abroad and consequently require adept handling under tight security cover.

To avoid the likelihood of compromise in such delicate operations as these, the agency resorted to a form of genteel bundling in its administrative support. Although there were attached to the Director's staff Personnel and Budget directors, each functioned simply as an advisor without portfolio in the line of command. Command functions were exercised instead through two separate staffs, one for the covert, and the other for the overt

Do not understand this statement.

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side of the house. Personnel, service, and fiscal activities were similarly divided throughout CIA, each scrupulously bundled into the covert and overt sides of the shop.

But while this arbitrary division in administrative services helped to safeguard the purity of covert operations, it also resulted in duplication and confusion, more often in inefficiency and waste. Covert staffs competed with overt staffs in recruitment of the same personnel and inequities developed when the agency failed to standardize its rates of pay for equal responsibilities on both sides of the house.)

Do not believe this last phrase can be factually supported in any way.

With reorganization, the Deputy for Administration ripped out the barrier that had divided these staffs and bedded them down together. Where before there had been two separate chiefs of personnel, there was now to be but one with over-all control of all personnel activities in CIA. Where before there had been two separate chiefs of finance, there was now to be but one, an agency-wide Comptroller. And where before there had been two separate offices for procurement, there was now to be but one under a single chief. Similarly travel and transportation were integrated into an

This paragraph should not retain its implication that we arrived at something new. Actually we went back to the 1948 structure from which we were forced by the Dulles Report & NSC 5-D.

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agency-wide transportation division; reproduction was consolidated in a single plant; and the Real Estate and Construction Division was set up to serve both sides of the house.

Integration of these divided activities, however, did not eliminate need for the specialized direction so frequently required in covert operations. Consequently, the Deputy assigned to his two principal assistants separate responsibility for overt and covert administrative functions. But in having rid the agency of its double-tracked administrative line of command, the Deputy for Administration had consolidated administrative support under a single roof.

Nevertheless, in spite of the soundness of this new consolidated organization, the integration of administration within CIA is a perplexing business. Desirable though efficiency and economy may be, both must occasionally be sacrificed to the predominant need for security. The problem is not yet wholly resolved; in all probability it will never be.

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